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Chartered Accountants

Business **in focus**

Monthly audio program > presented by Michael Schildberger

December 06

The extras



**Chartered
Accountants**

NUMBER ONE IN NUMBERS



Be sure your bus is carrying only the right people as you journey forward. It is with their help and support that your business will be successful - otherwise you will fail. That's one of the messages you'll hear from Jim Collins who has spent years researching why some businesses go from strength to strength and others don't make it.

Jim Collins is one of America's best known business authors and lecturers. His first book "Built to Last" was a runaway best seller and he has now followed up with "Good to Great" which reveals some fascinating truths. We hear from Jim Collins on this month's CD.

As Christmas approaches, we seek advice on whether a staff Christmas function should go on the FBT list or not. Michael Jones of Cummings Flavel McCormack reminds us of the options. And on the subject of FBT, he has figured out a new approach to salary packaging cars. Michael Jones tells us on the CD.

We hear so much about work/life balance these days, but it's a negative term according to Dr. Adam Fraser of Energy Factory. He explains why and what we need to do to integrate our working and living.

Relationship building is fundamental to the success of any business or any professional's career but so many people don't do it well. Chartered accountant, James Roger of Alinear, has several tips to help us improve our working relationships.

And there are better ways to calculate a client's worth than simply looking at how much they spend. Greg Smith of TPMG Direct takes us through his formula.

I hope you enjoy this month's CD.

A handwritten signature in black ink that reads "Michael". The signature is written in a cursive style with a horizontal line underneath.

Michael Schildberger

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This month's essentials

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Track 1

CLIENT VOLUME/VALUE

Greg Smith, TPMG Direct

- > Other than measuring clients on spend, you can use RFM (Recency Frequency and Monetary value)
- > It works by placing a score on each client according to how recently they have dealt with you, how often they deal and how much money they generate in fees (net)
- > You place a score against all your clients according to how recently, how often and how much they have generated. For example place a score of 5 for the most recent, most frequent and highest fee generating client. Then place a score 3 for a client who is not so recent, uses your services every now and again and generates an OK level of fees. Then give a score of 1 for those clients who have not dealt with you for a while, are infrequent and generally are very small billings
- > Using an excel spreadsheet you can create a model that scores all clients, then ranks them. In other words rank all your clients from 5 down to one. The client at the top of the 5 list is your best client and the one at the bottom is not so good
- > This form of segmentation removes the one dimensional view of total billings and enables a practice to adjust its marketing strategy.

Track 2

WORK/LIFE BALANCE

Dr. Adam Fraser, Energy Factory

- > The term "work/life balance" is negative as it implies that our work is separate from our life. What we really want is work life integration where the two work together
- > With so much emphasis on balance these days the term "balance" almost has a negative effect as we feel pressure to get balance and feel guilty when we don't achieve it.
- > Most people need to alter their idea of balance, because what they expect and what is achievable are two very different things
- > Balance varies each day and it is a constant battle. Many people put off their balance for a future day. They say I will have balance when "the kids leave home", or when "they employ someone else at work to reduce my work load". Balance does not suddenly arrive one day. We need to find balance at all times.

This month's **essentials**

Track 3

ECONOMIC UPDATE

Professor Neville Norman, Melbourne University

Why the current interest rate rises?

- > Activity growth measured by GDP is slower than expected
- > Cost/supply pressures, not demand, has pushed inflation over 3%
- > Budget restraint more directly cools the economy. But why cool?
- > New psychology – predict rate rises and make them a certainty by pressuring the RBA into a corner. This is dangerous!

Conclusion: 2006 will be recorded as another “good year”; but it ends with warning signs about economic management into election-year 2007.

- > Business message: increase risk protections.

Track 4

CONSIDERING PROFESSIONAL INDEMNITY

Alex Green, Vero Insurance Limited

- > Professional indemnity generally applies to services and advice
- > It's there to protect the business in the event of a claim
- > Negligence claims are a central feature of professional indemnity
- > There's a new generation of businesses now looking at professional indemnity cover
- > They need to – society is becoming increasingly litigious
- > A professional indemnity insurer can take the emotional stress out of a claim to find the best outcome for everyone
- > Customers need to balance the cost of professional indemnity cover against the risks in the business - there's a broad range of products available.

Track 5

THE Y-E=S FORMULA FOR PROPERTY INVESTORS

Steve McKnight, Author, “From 0 To 260+ Properties In 7 Years”

- > A lot of people focus on “real estate” but I focus on “investing”
- > It's all about money flow and money management – work on good habits!
- > The Y-E=S Formula means spending less than you earn
- > Debt is not the way to wealth creation
- > To get ahead, start repaying debt and then acquire income producing assets
- > Look at ways to add value to properties to create positive cash flow
- > Be prepared to sell real estate if your return can be maximized elsewhere.

Track 6

RELATIONSHIP BUILDING

James Roger CA, Alinear

- > The ability to initiate and develop strong business relationships is a defining factor in the success and enjoyment of a modern professional's career
- > Strong relationships will contribute to winning more revenue from clients, reducing the turnover of your team and improve your ability to influence a range of stakeholders
- > Developing a good understanding of how you and your stakeholders naturally behave in a business environment is one of the foundations of building relationships. For example, some people like structure in what they do whilst others prefer more fluidity
- > Being able to clearly identify the needs of those you are seeking to build relationships with is another core element of success.
- > Trust is another critical success factor: The amount someone trusts you will influence how much they share with you, when they ask for your help and how much they are willing to help you

Track 7

FBT UPDATE: CARS AND CHRISTMAS

Michael Jones, Cummings Flavel McCormack

- > Beware the impact of the new tax rates on your car package
- > Using employee contributions to make the package tax effective
- > Easy administration of employee contributions, saving payroll tax & workcover
- > How to have an FBT exempt Christmas party – some basic rules.

Track 8

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stockdoctor

- > The myth that October is a bad month for investors has been dispelled
- > Beware being lured into high risk investment products
 - > Understand how the sharemarket works
 - > Understand the products available
 - > Understand the risks associated with those products
 - > Understand what is right for you
- > Follow the 9 Golden Rules: Financial health, strong management, the value of the underlying share price, liquidity, share price trend, business size, understanding what it does, and positive news. And all of the above.
- > Strong performance in Lincoln's Star Stocks – 30% pa for 5 years; and Lincoln Australian Share Fund – 31.4% for the 12 months to June 30, 2006
- > Stock highlights: BHP, Cabcharge, Iress, Campbell Brothers, Rio, St George

This month's **essentials**

Track 9

GOOD TO GREAT

Jim Collins

- > A principle reason for not reaching greatness is lack of discipline and chronic inconsistency
- > Mediocre companies are willing to change – but in the wrong ways
- > Embrace the 'hedgehog' concept: total passion; a focus solely on what you're the best in the world at doing; understanding what drives your economic engine
- > Separate your core values from your strategies; values are fixed, strategies change
- > Great leaders don't begin with vision and direction, but with the people who will help drive the business forward. Only then work out where you want to go
- > Over 90% of the great CEOs come from within the business, not 'charismatic saviours' from outside
- > The great CEOs have these defining characteristics: discipline, humility and the courage to make very difficult decisions.

Track 10

WHY INTUITION COUNTS IN BUSINESS

Jane Mara, Intuitive Thinking

- > Intuition is becoming accepted by executives as we learn more about how the brain works
- > It allows faster, more effective decision-making, more creative ideas, improved communication skills, less stress and more productivity
- > Don't through out the research and analysis – use it in combination with intuition
- > If something doesn't feel right, investigate further before making a decision
- > Some business decisions are more suited to intuitive thinking
- > If you're highly stressed it's harder to access your intuition
- > Listen to your intuition and observe what happens when you take note of it.

Information

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For more information about the topics discussed on this December 2006 program, please contact the relevant organisations listed below.

CLIENT VOLUME/VALUE

The Institute of Chartered Accountants in Australia

1300 137 322

www.charteredaccountants.com.au/training

RELATIONSHIP BUILDING

The Institute of Chartered Accountants in Australia

1300 137 322

www.charteredaccountants.com.au/training

WORK/LIFE BALANCE

The Institute of Chartered Accountants in Australia

1300 137 322

www.charteredaccountants.com.au/training

FBT UPDATE: CARS AND CHRISTMAS

Michael Jones, Cummings Flavel McCormack.

Tel: 03 9882 3268

Website: www.cfmc.com.au

ECONOMIC UPDATE

Professor Neville Norman.

Email: n.norman@unimelb.edu.au

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor.

Website: www.stockdoctor.com.au

CONSIDERING PROFESSIONAL INDEMNITY COVER

Alex Green, Vero Insurance Limited.

Tel: 131813

Email: veroinformation@vero.com.au

Website: www.vero.com.au

Please contact Lincoln direct for more details about its STOCKdoctor investment software or managed fund services on 1800 676 332 or 03 9855 1100

THE "Y-E=S" FORMULA FOR PROPERTY INVESTORS

Steve McKnight.

Website: www.PropertyInvesting.com/Essentials

WHY INTUITION COUNTS IN BUSINESS

Jana Mara, Intuitive Thinking. Jane's new book "Intuition on Demand" is published by Intuitive Thinking Pty Ltd.

Website: www.intuitivethinking.com.au

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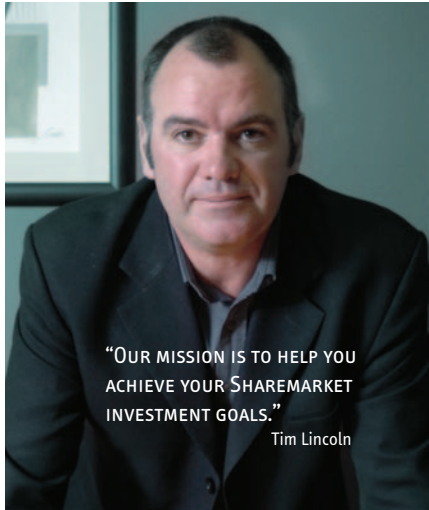
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Tim Lincoln

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